GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Municipal Administration & Urban Development(CRDA) Department – Comprehensive Financial Plan for Project Amaravati - Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (CRDA.2) DEPARTMENT

G.O.MS.No. 50 **Dated: 05-02-2019**

Read:-

From the Commissioner, APCRDA, Lr.No:CRDA-15023(33)/8/2019-DIR-STRATEGY-APCRDA, Dt.28.01.2019

***

O R D E R :

Government of Andhra Pradesh (GoAP) is developing the new Capital City – Amaravati, post bifurcation of State of Andhra Pradesh. Andhra Pradesh Capital Region Development Authority (APCRDA) was formed under the Andhra Pradesh Capital Region Development Authority (APCRDA) Act- 2014 as planning and development authority of capital region development area, undertaking construction of new capital and for managing and supervising urban services.

2. Development of Amaravati Capital city is unique and one of its kind, unprecedented in terms of size and scale wherein several Tier 1 or Trunk infrastructure and Tier 2 or Last mile infrastructure works are being taken up simultaneously in addition to the development of the Amaravati Government complex including Secretariat, Legislative Assembly, Legislative Council, High Court, Bunglows, Raj Bhawan, CM Bunglow, Bunglows for the Ministers, Government Housing for the state. As such the Comprehensive Financial Plan for the Project Amaravati is required.

3. The Commissioner, APCRDA in the reference read above, has submitted the comprehensive financial plan of APCRDA with the following details:

a. Duly considering the finalised contractual values as tendering activity has been complete in majority of the projects, the total project cost as updated is ₹ 55,343 Cr which includes project Capex of ₹ 51,687 and Interest During Construction (IDC) of ₹ 3,656 Cr. The following is the break-up of Project Capex.

i. Tier-I infrastructure consisting of city-level roads and utilities, village infrastructure and EHV re-routing: ₹ 19,769 Cr

ii. Tier – 2 Infrastructure consisting of last mile connectivity and LPS layouts: ₹ 17,910 Cr

iii. Amaravati Government Complex along with its essential infrastructure including BRTS: ₹ 14,008 Cr

b. Currently the grant from the GOI is considered at ₹ 11,602 Cr as per the DPRs for Amaravati Government Complex that have been sent to the GOI vide Letter No. 262919/CRDA.2/2017, Dt 08.09.2017. In addition, DPRs for trunk infrastructure for ₹ 29,000 Cr also were submitted to the GOI vide Letter. No. 389765/CRDA.2/2018, Dt. 15.03.2018.

c. Government of India is mandated to support the development of Capital City as per Section 94(3) of AP Reorganization Act, 2014 which reads as under:

> " The Central Government shall provide special financial support for the creation of essential facilities in the new capital of the Successor State of Andhra Pradesh including the Raj Bhawan, High Court, Government Secretariat, Legislative Assembly, Legislative Council, and such other essential infrastructure".

d. GoAP Supporting Grant/loan up is considered up to ₹ 1800 Cr per annum up for the period up to year 2026, with the following break up.

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
GoAP Equity (₹ Cr)	500	1455	1500	1470	1185	365	154	-	**6629**
GoAP Supporting Grant (₹ Cr)	-	345	300	330	615	1435	1646	1300	**5971**
Total Support from GoAP (₹ Cr)	**500**	**1800**	**1800**	**1800**	**1800**	**1800**	**1800**	**1300**	**12600**

This initial support is very critical (a) for the purpose of equity of the Government in the project to raise adequate loans as well as (b) to maintain the cash flows in the project until actual revenues pick up by land monetisation at attractive valuations.

e. The debt to be raised based upon the grants from GOI and GOAP and is proposed to be ₹ 37,112 Cr from various sources like World bank, Financial institutions like HUDCO, Scheduled commercial banks, private placement bonds and public issue of bonds.

f. Land Monetization has been considered from Year 2023 onwards so as to avoid underselling of lands in the initial years of the project as per various discussions with the Government. With this strategy, total revenues estimated over a period of 18 years from monetization of Land on Commercial basis is ₹ 78,563 Cr.

g. An amount of 5020 acres of land out of total land available with APCRDA 8274 Acres is proposed to be reserved exclusively for commercial monetization for the purpose of funding the infrastructure development. Remaining 3254 acres are reserved for economic development. Out of the 5020 acres reserved for commercial monetization, an amount of 3709 acres are proposed for monetization over 18 years in this revised financial plan. The balance land of 1,311 Acres from the 5020 Acres reserved for commercial monetization can be monetized after 18 years to generate a potential revenue of ₹ 92,950 Cr after year 2037.

h. Other revenue sources are also explored and in the plan the revenues from these sources like ICT ducts, power ducts, premium on FSI, property taxes, advertisement revenues etc., are optimized at ₹ 14,641 Cr.

4. As per the Comprehensive Financial Plan, it is critical for the GoAP to support the project, as contribution to equity as well as additional support for meeting debt obligations in the initial 7 years, in the form a annual grant for APCRDA for an Annual amount up to ₹ 1,800 Cr for the period up to FY 2026 totaling to ₹ 12,600 Cr.

5. This Supporting Grant of GoAP of up to ₹ 1,800 Cr per annum proposed in the initial years up to year 2026 may be paid back to Government from the Balance Net Cash of ₹ 33,304 Cr available with CRDA at the end of Year 2037, provided that the cash flows are realized as assumed in this model.

6. The Commissioner, APCRDA has therefore requested for approval of the following:

A. Approval for the Comprehensive Financial Plan proposed with the following salient features :

i. Total Project Cost : ₹ 51,687 Cr with following categories of projects as detailed below :

a. Tier – 1 Infrastructure consisting of city level roads utilities, village infrastructure & EHV rerouting : ₹ 19, 769 Cr.(as shown in Annexure - I)

b. Tier – 2 Infrastructure consisting of last mile connectivity and LPS layouts: ₹ 17,910 Cr.(as shown in Annexure -II)

c. Amaravati Government Complex along with its essential infrastructure including BRTS : ₹ 14,008 Cr.(as shown in Annexure - III)

ii. Total Amount of Debt financing : ₹ 37,112 Cr

iii. Total amount of land reserved for commercial monetisation : 5020 acres of which 3709 acres to be monetised during years up to FY 2036-37 and reserving 3254 acres of land for Economic development.

iv. Support from Government of AP for the purpose of equity in the capex and for working capital management for seven financial years with the following break-up:

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	**Total**
GoAP Equity (₹ Cr)	500	1455	1500	1470	1185	365	154	-	**6629**
GoAP Supporting Grant (₹ Cr)	-	345	300	330	615	1435	1646	1300	**5971**
Total Support from GoAP (₹ Cr)	**500**	**1800**	**1800**	**1800**	**1800**	**1800**	**1800**	**1300**	**12600**

B. To authorize the Commissioner, APCRDA on the following:

i. approaching various financial institutions including multilateral agencies and Scheduled commercial banks for raising loan of ₹ 37,112 Cr with the approval of the CRDA authority.

ii. to mortgage the project assets including required land for raising loans with a specific instruction that such approvals shall be obtained by the Commissioner from the CRDA Authority.

iii. raising ₹ 500 Cr through issue of Public Bonds and to take necessary actions including finalisation of interest rate for the same with a specific instruction to obtain the approvals from the CRDA Authority.

iv. Reviewing the Financial Plan on half yearly basis and obtain the approval of the CRDA Authority.

C. Issue of Government Guarantee for both the Principal and Interest for raising ₹ 500 Cr from Public issue.

7. Government, after careful examination in the matter, hereby accord approval for the following:-

A. Approval for the Comprehensive Financial Plan for Project Amaravati with the following salient features :

i. Total Project Cost : ₹ 51,687 Cr with following categories of projects as detailed below:-

a. Tier – 1 Infrastructure consisting of city level roads utilities, village infrastructure & EHV rerouting : ₹ 19, 769 Cr.(as shown in Annexure - I)

b. Tier – 2 Infrastructure consisting of last mile connectivity and LPS layouts: ₹ 17,910 Cr.(as shown in Annexure -II)

c. Amaravati Government Complex along with its essential infrastructure including BRTS : ₹ 14,008 Cr.(as shown in Annexure - III)

ii. Total Amount of Debt financing : ₹ 37,112 Cr.

iii. Support from Government of AP for the purpose of equity in the capex and for working capital management for seven financial years for APCRDA for an annual amount up to Rs.1,800 cr. for the period up to FY 2026 totaling to Rs.12,600 Cr. The initial support from Government is to be treated as loan and CRDA to utilize commercial lands to repay the loan to Government in its later phase of development.

iv. Total amount of land reserved for commercial monetization : 5020 acres of which 3709 acres to be monetized during years up to FY 2036-37 and reserving 3254 acres of land for Economic development.

B. To authorize the Commissioner, APCRDA on the following:

i. approaching various financial institutions including multilateral agencies and Scheduled commercial banks for raising loan of ₹ 37,112 Cr with the approval of the CRDA authority.

ii. to mortgage the project assets including required land for raising loans with a specific instruction that such approvals shall be obtained by the Commissioner from the CRDA Authority.

iii. raising ₹ 500 Cr through issue of Public Bonds and to take necessary actions including finalisation of interest rate for the same with a specific instruction to obtain the approvals from the CRDA Authority as a last option after exploring all other options like taking loans from scheduled commercial banks etc.

iv. Reviewing the Financial Plan on half yearly basis and obtain the approval of the CRDA Authority.

C. To issue Government Guarantee for both the Principal and Interest for raising ₹ 500 Cr from Public issue.

8. The Commissioner, Andhra Pradesh Capital Region Development Authority(APCRDA) shall take further necessary action accordingly.

9. This order issues with the concurrence of the Finance Department vide their U.O.No.FIN-22029/7/2017-SO(DEBT)-FIN, (Computer No.266751), Dt.28.01.2019.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT (CRDA)

To
The Commissioner,
Andhra Pradesh Capital Region Development Authority,
Vijayawada.

Copy to
The PS to Hon'ble Chief Minister
The PS to Hon'ble Minister(MA&UD)
The PS to Hon'ble Minister for Finance
The PS to Chief Secretary
The PS to Principal Secretary to Government, Finance Department
The PS to Principal Secretary to Government, MA&UD(CRDA) Department
SF/SC.

//FORWARDED : : BY ORDER//

SECTION OFFICER